

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

PENDA CORP.,	:	CIVIL ACTION
Plaintiff	:	
	:	
v.	:	
	:	
STK, LLC,	:	NO. 03-5578
Defendant	:	NO. 03-6240

MEMORANDUM AND ORDER

McLaughlin, J.

September 7, 2004

The plaintiff in these consolidated patent infringement cases, Penda Corporation ("Penda"), brings suit against STK, L.L.C. ("STK") in civil action No. 03-5578, and against Rick's Auto Repair ("Rick's") and CAR-MIC Enterprises, Inc. ("CAR-MIC"), in civil action No. 03-6240. STK filed a motion to transfer pursuant to 28 U.S.C. § 1404(a), in which CAR-MIC has joined. For the reasons set forth below, the Court will grant the motion and transfer the consolidated cases to the United States District Court for the Western District of Pennsylvania ("Western District").

I. Procedural History

The plaintiff Penda filed civil action No. 03-5578 ("Penda I") on October 6, 2003, alleging patent infringement, unfair competition, and false designation of origin under the

Lanham Act. Penda claimed that STK manufactured, sold or offered for sale, pickup truck bedliners that infringed two of Penda's patents. On October 27, 2003, the defendant STK answered, counterclaimed, and filed a motion to transfer the action to the Western District pursuant to 28 U.S.C. § 1404(a). STK argued that it did no business in the Eastern District of Pennsylvania and never sold the allegedly infringing product there.

The plaintiff filed its opposition to the motion to transfer on November 7, 2003. The plaintiff argued that STK in fact sells the infringing product in the Eastern District through its largest distributor, Armor Deck, who sells the infringing product directly to numerous retailers including Rick's and Stylecraft Auto Seat Covers ("Stylecraft") in Philadelphia. On November 14, 2003, Penda sent a letter to the Court stating that it had filed a separate action against Stylecraft and Rick's. The case against the retailers was docketed as civil action No. 03-6240 ("Penda II").

The Court held a Rule 16 conference by telephone with counsel for the parties on November 24, 2003. In its pre-conference submission, Penda indicated that Penda I and Penda II should be consolidated. STK opposed consolidation, presenting affidavits that neither Rick's nor Stylecraft sold the allegedly infringing product.

On December 3, 2003, the Court entered a memorandum and order putting Penda I into suspense until the earlier of 60 days or the date when the retailer defendants responded to the complaint in Penda II. The Court stated that it would have granted the motion to transfer absent the existence of Penda II; that it may yet do so even if the two cases were consolidated; but that it was reluctant to rule on the transfer motion until it knew that Penda would go forward with Penda II despite the evidence provided to Penda by STK.

On January 5, 2004, the plaintiff filed an amended complaint in Penda II adding CAR-MIC, keeping Rick's, but dropping Stylecraft as a defendant. CAR-MIC, an auto-parts retailer located in the Eastern District, filed an answer in Penda II on January 28, 2004. On February 2, 2004, Penda moved to consolidate the cases. After holding an on the record status conference with counsel for Penda, STK, and CAR-MIC, the Court granted the motion to consolidate on March 3, 2004. The Court granted the parties leave to file supplemental briefing on the transfer motion now that the cases had been consolidated. The parties timely filed their respective supplemental briefs. CAR-

MIC joined with STK in the motion. The Court heard oral argument on the motion to transfer April 28, 2004.<sup>1</sup>

## II. Discussion

The defendants, STK and CAR-MIC, argue that the Western District is the most convenient venue for the parties and witnesses.<sup>2</sup> According to an affidavit submitted by an officer of STK, STK is headquartered, does substantially all of its business - including manufacturing, shipping, engineering and product development - and maintains all of its company records in the Western District. The majority of its 25 employees, including two of its managing officers who are expected to be witnesses, live in the Western District. STK does no business and maintains no office space or manufacturing facility within the Eastern District. STK sells bedliners to independent distributors, all of whom are located outside of the Eastern District.

Penda is a Florida corporation whose principle place of business is in Portage, Wisconsin. Penda products are sold

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<sup>1</sup> STK and CAR-MIC had also filed three motions for sanctions for violations of Rule 11 and Rule 4.2 of the Pennsylvania Rules of Professional Conduct. Argument on these motions were also heard at the April 28, 2004, hearing. The Court ruled on the sanctions motions in a Memorandum and Order dated July 27, 2004.

<sup>2</sup> The remaining defendant, Rick's, did not join in the motion. Rick's, however, has never been served with a summons and/or complaint in this matter.

within the Eastern District, but it is not clear what other presence Penda has within the Eastern District.

### III. Analysis

28 U.S.C. § 1404(a) states:

For the convenience of parties and witnesses, in the interest of justice, a district court may transfer a civil action to any other district where it might have been brought.

The party requesting the transfer has the burden of establishing that transfer is warranted. The Court must consider private and public interests to determine in which forum the interests of justice and convenience would be best served.<sup>3</sup>

Jumara v. State Farm Ins. Co., 55 F.3d 873, 879 (3d Cir. 1995).

Private factors include: (1) the plaintiff's choice of venue; (2) the defendants' preference; (3) where the claim arose; (4) the relative physical and financial condition of the parties; (5) the extent to which witnesses may be unavailable for trial in one of the forums; and (6) the extent to which books and records would not be produced in one of the forums. Id.

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<sup>3</sup> There is no dispute that this action could have been brought in the Western District as it is the district in which the defendant, STK, resides. See 28 U.S.C. § 1400(b) (venue proper where defendant resides in patent cases); 28 U.S.C. § 1391(c) (defining residency of a corporation as a judicial district in which it is subject to personal jurisdiction).

Public factors include: (1) enforceability of a judgment; (2) practical considerations that could make the trial easy, expeditious, or inexpensive; (3) the relative administrative difficulty resulting from court congestion; (4) the local interest in deciding the controversy; and (5) the public policies of the forums; and (6) the familiarity of the trial judge with the applicable state law in diversity cases. Id.

The first private factor does not weigh heavily in favor of the plaintiff. Generally, a plaintiff's choice of forum should not be disturbed lightly. Id. It is entitled to less weight, however, in cases where, as here, the plaintiff is a foreign corporation. See Lambton Mfg. Ltd. v. Young, No. 91-3499, 1992 U.S. Dist. LEXIS 253, \*6 (E.D. Pa. Jan. 10, 1992) ("Where one of the parties is foreign, the citizen party's district is favored over the foreign plaintiff's choice of forum."); 17 James Wm. Moore, et al., Moore's Federal Practice, § 111.13[1][c][ii] (3d ed. 2000).

Private factor two strongly favors transfer. The only defendants who have appeared in this case strongly prefer venue in the Western District. Private factor three, where the claim arose, favors transfer as well. The only act of infringement alleged to have occurred in the Eastern District is the sale, by CAR-MIC, of the infringing product. STK both offers for sale and

manufactures the product in the Western District. Thus, more of the alleged infringing activities occurred in the Western District than in the Eastern District, favoring transfer. See St. Gobain Calmar v. Nat'l Prods. Corp., 230 F.Supp. 2d 655 (E.D. Pa. 2002). Indeed, in cases where a manufacturer and a retailer are sued for infringement, courts have held the claims against the retailer are peripheral to the claim against the infringing manufacturer in the sense that the liability of the retailer is dependent upon there being liability against the manufacturer. These courts have not allowed the presence of a retailer residing within the transferor district to defeat a motion to transfer. See Ambrose v. Steelcase, Inc., 2002 U.S. Dist. LEXIS 12, \*19-\*22 (N.D. Ill. 2002); LG Electronics Inc. v. First Internat'l Computer, Inc., 138 F.Supp. 2d 574, 585 (D.N.J. 2001); Gold v. The Burton Corp., 949 F.Supp. 208, 210 (S.D.N.Y. 1996).

The fourth private factor favors transfer as well. There is nothing that indicates that Penda, whose closest corporate residence is Michigan, would suffer any more financial or administrative hardship by litigating this case in the Western District than it would in the Eastern District. STK, on the other hand, will suffer a greater disruption to its business operations and added costs for travel and lodging absent transfer, because its principal managers are expected to be witnesses and will not be within commuting distance of their

homes and business. Although CAR-MIC's corresponding difficulties and costs might be greater if transfer is granted, nothing in the record indicates how many CAR-MIC employees, if any, will be called as witnesses. In any event, CAR-MIC has joined in the motion to transfer.

Private factor five militates against transfer, but only to a small degree. Penda has indicated a desire to use third-party witnesses from Armor Deck, STK's distributor in New Jersey. These witnesses are assumed to be outside the subpoena power of the Western District, but within the subpoena power of the Eastern District. Armor Deck witnesses will in all likelihood be used for the peripheral claims against the retailers. Additionally, STK represents to the Court that Armor Deck would be willing to testify in this action. This factor, therefore, weighs against transfer only slightly.

Private factor six is neutral. Although STK's records are located in the Western District, there is no apparent reason why such records cannot be produced in the Eastern District. See Jumara, 55 F.3d at 879 (concluding that whether the records can be produced in the forum is the principal issue for factor six).

The relevant public factors are at most neutral with respect to transfer. The fact that the two fora are within the same state obscures the public-factor test somewhat. See Jumara, 55 F.3d at 882-83. STK will be spared some expense if the case



is transferred, but there is nothing else in the record indicating whether it would be more or less economical to have the case in one or the other forum. There is little likelihood of an enforcement problem, there does not appear to be a distinct public interest in resolving the conflict in either forum, nor is there a identifiable difference in policy preferences between the fora. See id. The relative familiarity of the trial judge with any applicable state law is not a factor here.

Penda claims that public factor three, administrative difficulty due to relative court congestion, disfavors transfer. Penda argues that it will have its rights adjudicated much faster in the Eastern District than in the Western District, citing a 15-month difference in the median time from filing to trial. Although the relative congestion of court dockets may be evaluated in a motion to transfer, it generally is not a factor worthy of great weight. See Gen. Refractories Co. V. Washington Mills Electro Minerals Corp., No. 94-6332, 1995 U.S. Dist. LEXIS 8351, \*15 (E.D. Pa. June 16, 1995)(disregarding a 22-month difference in mean time to trial); Branter v. Black & Decker Mfg. Co., 1992 WL 365489, \*11-\*12 (E.D. Pa. Nov. 25, 1992) (finding a 12-month difference in mean time to trial insufficient to defeat transfer); Bogosian v. Gulf Oil Corp., 337 F.Supp. 1230, 1233 (E.D. Pa. 1972) (stating that relative court congestion is not to be afforded much weight). The difference in the relative

congestion between the Eastern and Western districts does not outweigh the other factors' overall tilt in favor of transfer.<sup>4</sup>

The Court will grant the motion to transfer.

An appropriate Order follows.

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<sup>4</sup> Penda also claims that judges in the Eastern District are far more likely to be familiar with the issues surrounding patent cases. There is no basis for this claim. Penda cites statistics showing that over half the cases in the Eastern District in 2003 were intellectual property cases as compared to only ten percent in the Western District. Penda, however, seems to have mistakenly used the number for tort cases instead of intellectual property cases in making this claim. Of the 11,261 civil cases filed in the Eastern District in 2003, only 190, or less than 1.7 per cent, were intellectual property cases. Slightly more than 1.7 per cent of the 2,843 civil cases filed in the Western District in 2003 were intellectual property cases. See ADMINISTRATIVE OFFICE, FEDERAL COURT MANAGEMENT STATISTICS 2003, DISTRICT COURTS available at [http://jnet.ao.dcn/Statistics/Federal\\_Court\\_Management\\_Statistics/cmsd2003.html](http://jnet.ao.dcn/Statistics/Federal_Court_Management_Statistics/cmsd2003.html).

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ORDER

AND NOW, this 7th day of September, 2004, upon consideration of the Motion to Transfer of the defendant STK, L.L.C. in civil action No. 03-5578 (Docket No. 5), in which the defendant CAR-MIC Enterprises, Inc. in civil action No. 03-6240 joins, the responses and replies thereto, supplemental briefings thereon, and following oral argument held on April 28, 2004, IT IS HEREBY ORDERED that said motion is granted for the reasons given in a memorandum of today's date. The consolidated cases, No. 03-5578 and No. 03-6240, shall be transferred to the United States District Court for the Western District of Pennsylvania.

BY THE COURT:

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MARY A. McLAUGHLIN, J.